

Service Date: September 8, 1994

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

IN THE MATTER of the Joint Application     )  
for LDDS Communications, Inc. dba             )UTILITY DIVISION  
LDDSMetromedia Communications to             )  
Merge with Impact Telecommunications         )DOCKET NO. 94.8.31  
Corporation and to Acquire Control            )  
of ITC Tele-services, Inc.                    )DEFAULT ORDER NO. 5799

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ORDER APPROVING MERGER

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On August 15, 1994, Impact Telecommunications Corporation (Impact) and LDDS Communications Inc. (LDDS) filed an application with the Montana Public Service Commission (Commission) seeking approval of a transaction whereby LDDS will merge with Impact and thus acquire control of ITC.

Impact is a privately held Delaware corporation. Impact is a holding company. As such, it does not itself provide telecommunications services but instead offers such services through its operating subsidiaries. Impact's operating subsidiary in the State of Montana is ITC. ITC is a wholly owned subsidiary of Impact. ITC provides intrastate interexchange toll service and operator services in the State of Montana.

LDDS is a publicly held Georgia corporation. LDDS currently provides intrastate interexchange toll service and operator services in the State of Montana.

Pursuant to the terms of the Merger Agreement, Impact will merge with and into LDDS. At that time, the separate existence of Impact will cease and LDDS, as the surviving corporation, will continue its corporate existence under the laws of the State of Georgia. All of the issued and outstanding shares in Impact will be transferred to LDDS in exchange for a mixture of cash and equity.

Upon consummation of this merger, the surviving corporation, LDDS, will acquire control of Impact's operating subsidiary in the State of Montana, ITC.

As a result of the merger, ITC will become a wholly owned subsidiary of LDDS. After the proposed transaction closes, ITC will continue its Montana operations. While some changes may be made following this acquisition in order to take advantage of available efficiencies, LDDS is committed to ensuring that its acquisition of ITC is otherwise transparent to customers and that services continue to be provided in full accordance with ITC's existing terms of services and all applicable regulations.

### Analysis

The Commission finds, based on the application, that the proposed merger is in the public interest, and therefore, should be approved. ITC will have improved access to capital and will benefit from operating and administrative efficiencies flowing from consolidation of functions with LDDS's existing operations.

### CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the sale or merger of public utilities which provide intrastate "regulated telecommunications services" as defined in ' 69-3-803(3), MCA.<sup>1</sup>

2. The Commission has jurisdiction over all utility activities which impact a utility's duty to render "reasonably adequate service and facilities" at "reasonable" and "just" rates. ' 69-3-201, MCA.

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<sup>1</sup>Montana PSC jurisdiction over the operations of LDDS and ITC are currently being considered in Docket No. 94.2.8. This Order is being issued without prejudice to the PSC's investigation and analysis in that Docket.

ORDER

1. Effective immediately, the proposed merger between Impact and LDDS is approved.

2. Approval of the proposed merger does not constitute determination or approval of any ratemaking issues. Further, this Order does not in any way affect determinations which may be made in Docket No. 94.2.8.

Done and dated this 6th day of September, 1994, by a 5 to 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

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BOB ANDERSON, Chairman

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BOB ROWE, Vice Chairman

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DAVE FISHER, Commissioner

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NANCY McCAFFREE, Commissioner

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DANNY OBERG, Commissioner

ATTEST:

Ann Purcell  
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.